

Supporting low-income entrepreneurs through matched savings accounts

**Co-hosted by CAMEO and
the AFI Resource Center**

Emily Appel-Newby, Assets for Independence Resource Center

Shufina English, California Association for Micro Enterprise Opportunity

Marlyn Garcia, Community Action Partnership of Sonoma County



California
Association for
Micro
Enterprise
Opportunity



Webinar Logistics

- The webinar is being recorded and will be available on our website along with the presentation
- All participants have been muted to ensure sound quality
- If you have any questions before and during Q&A:
 1. Go to the Q&A panel on the right-hand side
 2. Type in your question
 3. Click “Send”

CAMEO

- Our mission is to grow a healthy, vibrant, thriving environment for all entrepreneurs and start-up businesses by advancing the work of our statewide member network.
- Our vision is to create economic opportunity for all entrepreneurs, to build wealth and strong California communities.
- Our member organizations provide entrepreneurs with small and micro-business financing such as loans and credit, technical assistance and business management training.

Assets for Independence

Special federally funded 5-year grants to organizations that enable accountholders to ...

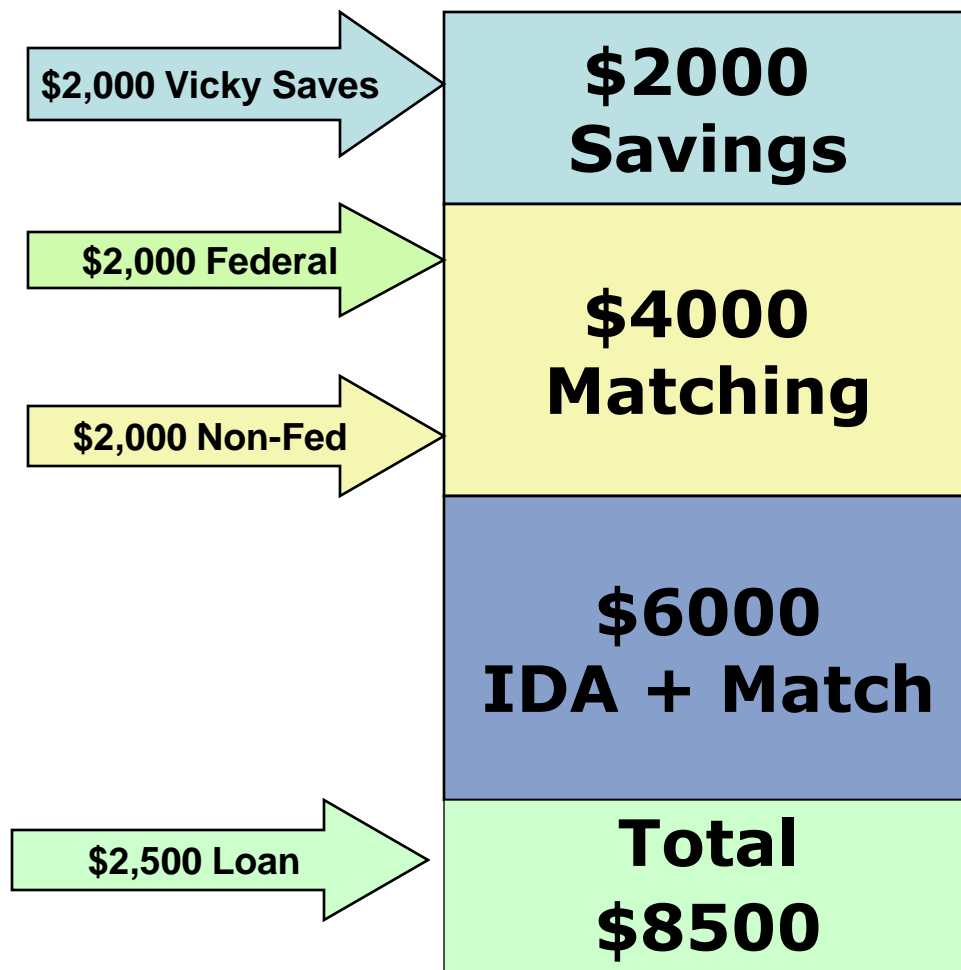
- **Learn** about financial and consumer issues
- **Save** in Individual Development Accounts

In order to ...

- Become more self-sufficient and plan for the future
- Invest in an asset

Small Business IDA Example

- Vicky, a single mother, dreams of starting her own business
- Match rate is \$2 for every \$1 saved in her IDA
- Vicky saves \$2,000: \$55/month over 3 years
- AFI grantee provides financial counseling and business planning classes
- Partner provides free tax preparation assistance so she can claim the EITC
- Vicky receives additional \$2,500 from other microenterprise loan sources

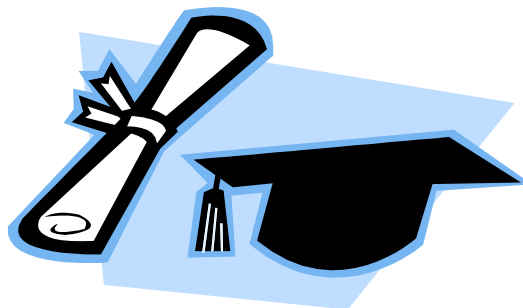
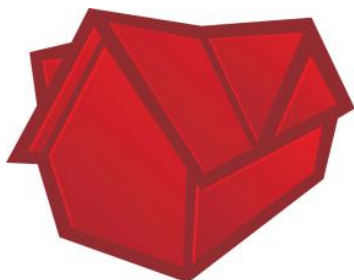


Allowable Uses of IDA Funds

Asset:	Small Business
<i>Primary Guidelines</i>	<ul style="list-style-type: none"> • May use match funds for any business expense included in the approved business plan, such as capital, plant, equipment, working capital, and inventory. • Must have business plan approved by financial institution, microenterprise development organization, or nonprofit loan fund having demonstrated fiduciary integrity and that includes description of services or goods to be sold, marketing plan, and projected financial statements. • Business must be legal. • IDA and match funds must be paid into the business capitalization account or to vendors.
<i>Practice</i>	<ul style="list-style-type: none"> • Often involves multiple matched withdrawals over time, up to the maximum set by the AFI project • May not be used to pay back previous loans.

Common in all AFI IDA programs

- Financial education & asset-specific training
- Save earned income
- Purchase an asset (first home, higher education or training, small business)
- Partners!



Benefits of partnering with AFI

- **Connect** entrepreneurs with an immediate source of capital to grow their businesses
- **Help** clients strengthen money management skills and establish long-term financial security
- **Increase** the effectiveness of microenterprise programs/ improve chances of success for entrepreneurs

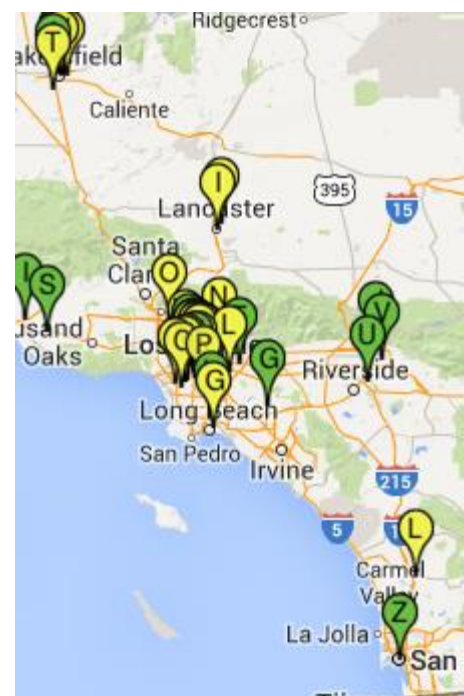
AFI Projects

More than 350 projects throughout the nation

- 501(c)(3) non-profits
- State, local, and tribal government agencies
- Community Development Financial Institutions
- Low-income designated credit unions
- Consortia of organizations and agencies that target multiple service areas (network projects)

Locate a grantee near you:

www.IDAresources.acf.hhs.gov/Map



Operate your own AFI project

Responsibilities include:

- **Designing** the project and applying for AFI funding
- **Developing** the required non-federal cash contribution
- **Working** with financial institution partners holding the Project Reserve Fund and IDAs
- **Publicizing** the IDA program
- **Screening** and enrolling participants
- **Providing** participants with case management and connect them to other asset building services like free tax preparation

Operate your own AFI project (cont'd)

Responsibilities include:

- **Providing*** financial education classes
- **Providing*** training to prepare participants to purchase their assets - homebuyer classes, business plan development, and/or college prep
- **Managing** the project finances
- **Assisting** participants with opening the AFI IDAs and monitoring their savings and withdrawals
- **Assisting** participants with asset purchase

* or finding a partner to provide

Operate your own AFI project (cont'd)

Responsibilities include:

- **Assisting** those who make emergency withdrawals or drop out of the project
- **Raising** funds and in-kind resources to support the project
- **Reporting** to OCS and other funders
- **Providing** data for the AFI program evaluation

IDAs and Microenterprise Programs

Key Strategies for Integration:

- Provide free business technical assistance for individuals who have completed savings in their IDAs
- Link access to IDA funds to completion of at least 10 hours of business counseling and a business plan following the completion of 16 hours of financial education training
- Base qualification for a microloan on completion of financial education and six months of deposits in an IDA

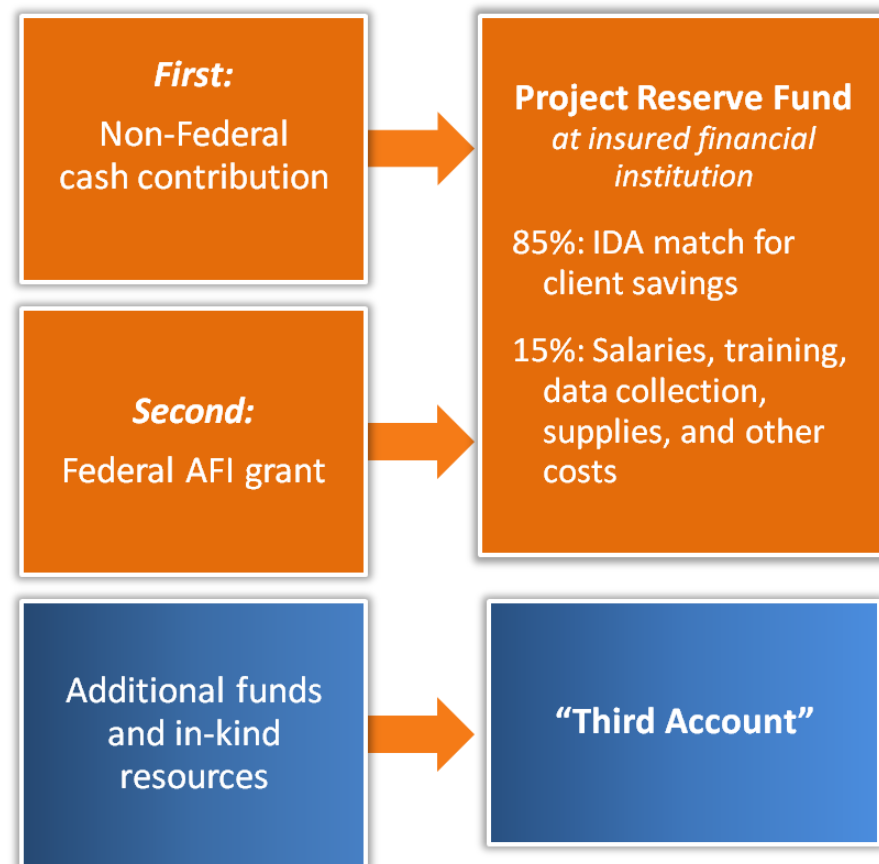
IDAs and Microenterprise Programs (cont'd.)

Key Strategies for Integration:

- Institute a loan review process that features more favorable consideration of the account holder's financial situation when there is stability demonstrated by IDA participation
- Enhance microcredit loan terms, such as interest rates, based on IDA participation, such as regular saving for a minimum of six months in the IDA
- Pre-qualify IDA savers for a microloan up to the saved amount
- Reduce interest on microloans for account holders based on the amount saved in the IDA

Non-Federal Cash Contribution

- Dollar for dollar match of the Federal grant amount (in cash)
- Used for same activities and purposes as Federal funds
- Used proportionately with Federal funds
- Must be documented in application



Sources of Non-Federal Funds

- Financial institutions and their foundations
- State and local governments
- Tribal governments
- United Way
- Foundations (local, regional)
- State/Local tax credits
- Special needs funding opportunities (Mental Health, Youth Programs, Disability Programs, and other non-Federal funding streams that target specific populations)
- Sponsoring organization funds
- Locally-based corporations/employers
- Places of worship
- Individuals/online donations
- Federal Home Loan Banks
- Community Development Block Grants*
- Native American Funds*

*Specified allowable in their rules

Making Your Case to Financial Institutions

- Increased customer base and earnings through:
 - Acquisition of new, knowledgeable customers
 - Mortgage loans
 - Consumer loans
- Community reputation
- CRA (Community Reinvestment Act) credit
 - Service, Lending, and Investment tests



Community action Partnership of Sonoma county (CAP Sonoma)

Santa Rosa, CA

Marlyn Garcia

Center for Economic Success Program Manager

About *CAP Sonoma*

- Community Action Partnership has been the designated Community Action Agency for Sonoma County since 1967 (46 years). The agency mission is to collaborate with low-moderate income families and individuals to help them to achieve economic and social stability, to build community, and to advocate for social and economic justice.
- Our goal is to reduce poverty in Sonoma County and to benefit the disenfranchised using best practices and evidence based programming.

Why AFI?

- There are no other IDA programs in the county, and we saw there was a great need for this program.
- CAP has a variety of programs, including housing services, family strengthening programs, youth and neighborhood services, Head Start/Early Head Start programs, early childhood education programs, and asset development programs (financial Literacy, MicroBusiness Development services, & VITA).
- Having an IDA program to complement these services just made sense. Our students who graduate from our financial literacy and MicroBusiness classes are eligible for the IDA program.

IDAs at *CAP Sonoma* (cont'd)

- Applicants can save up to \$1,000 for Homeownership, \$2,000 for Micro Business Development, and either \$1,000 or \$2,000 for education (\$1,000 if the student is attending a community college or a technical institution, and \$2,000 if they are attending a 4-year university).
- The match is 4:1 for Homeownership, 1:1 for Micro Business Development, and for education the match is either 1:1 or 2:1. If the client's income is at or below the 100% poverty guideline their match is 2:1, and if their income is between 101%-200% the poverty guidelines their match is 1:1.
- Clients need to save for at least 6 months before they can make a purchase, and for a maximum of 2 years.

IDAs at *CAP Sonoma*

- Some of the services we provide for our IDA clients are financial education classes that they need to complete before they can open their savings account. We offer these classes in our main office about three times a year.
- We also provide case management for all of our active IDA clients. We meet with them in person or have conference calls with them once a month to make sure they are making their monthly deposits and are on track.
- Anytime our clients need to make a purchase or close their account we help them to complete the paperwork. We need to enter all these transactions in our data entry system.
- We spend about 10 hours per week working on the IDA program. We spend more hours when we need to submit the annual data report & the progress reports or when we review new applications (3 times a year)

IDAs at *CAP Sonoma* (cont'd)

- We currently partner with Roseland University Prep (a local high school in Santa Rosa) to provide our financial education classes to their students. After completing the classes these students are eligible to participate in the IDA program.
- We have a partnership with Redwood Credit Union the biggest credit union in the County. They will provide Micro Loans for our MicroBusiness Development students. They will also provide funding for our IDA program.
- We also partner with local businesses and foundations to help us fund our IDA program.

Lessons Learned

- Having the only IDA program in the county has been a great benefit for the agency because we have been able to create partnerships with other agencies that are in need of this program.
- We have also gotten some funding for our MicroBusiness Development program by offering the IDA program to the students who successfully graduate from our classes.

Lessons Learned (cont'd)

- The biggest challenge we have had is raising the private match. We have gotten four grants since we started an IDA program. For the last grant we were awarded we tried for over a year to raise \$50,000 to fund IDA for home ownership, education, and micro business development. We noticed that nobody was interested in funding IDA for home ownership or education, but we saw a great interest in funding Micro Business Development; that is when we decided to change our program and only offer IDAs for Micro Business Development.

Marlyn Garcia
(707)544-6911, Ext. 1090
mgarcia@capsonoma.org

AFI Resource Center

- Web site: www.IDAresources.org
 - Resources for current grantees, prospective grantees, project partners, and others interested in asset-building
- AFI outreach workshops and webinars
- One-on-one technical assistance
- AFI e-newsletter – *IDAResources.org Update*
- *AFI Project Builder: A Guide to Planning an Assets for Independence Project*



[About AFI Resource Center](#)

[About AFI](#)

[Success Stories](#)

[Locate a Project Near You](#)

[Apply for an AFI Grant](#)

[e-Newsletter](#)

Welcome to the Assets for Independence Resource Center.

The AFI Resource Center is your one-stop source for information on the Assets for Independence program and Individual Development Accounts (IDAs). Here you can quickly learn about the AFI program and IDAs, how to apply for an AFI grant, and how to administer an AFI project. Come here for tips and to learn about best practices for providing and using IDAs and related services.

> Announcements

[AFI Grant Application Orientation Webinars](#) ▶

The AFI Resource Center is offering a spring webinar series for prospective grantees and project partners. [Register online](#) now to participate in these interactive calls to learn more about AFI application requirements and procedures.

[AFI Now Accepting Applications for Funding](#) ▶

The Office of Community Services is accepting applications for funding new AFI projects now! The **28** deadline for the next application cycle is March 31, 2011. [Read more...](#)

> Topics & Tools

General Information

[Managing Your AFI Project](#)

Guidance and forms for grantees



[Financial Education](#)

Deliver effective financial training



Populations

[Domestic Violence Survivors](#)

Helping Domestic Violence Survivors Build Assets



[Fundraising](#)

[The AFI² System](#)

[Building Assets](#)

Next steps:

1. Request a copy of the Application Kit & set up a call with the AFI Resource Center
2. Sign up for upcoming webinars
3. Build support within your agency for an AFI project

AFI Application Deadlines

Fiscal Year	Deadlines	
FY 2014	May 7, 2014	July 14, 2014
FY 2015	October 25, 2014	April 20, 2015
FY 2016	October 19, 2015	April 18, 2016

Applicant Webinar Series

Webinar 1: Planning an AFI Project	Webinar 2: Preparing a Successful Application	Webinar 3: Developing Resources and Partners
April 3	April 16	April 29
May 8	May 21	

For more information and to register:
<http://IDAresources.acf.hhs.gov/Calendar>

AFI Resource Center Contact Information

Phone: 1-866-778-6037

Email: info@IDAresources.org

Web: <http://IDAresources.org>
<http://www.acf.hhs.gov/assetbuilding/>